

Message Text

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C O N F I D E N T I A L LUXEMBOURG 0687

EXDIS

E.O. 11652: GDS

TAGS: ECIN

SUBJ: GOL REACTION TO GROUP-OF-FIVE ECONOMIC POLICY DISCUSSIONS

REF: STATE 225003

1. DURING MEETING WITH ECON OFFICER OCTOBER 18 TO DISCUSS RECENT EC FONMIN DISCUSSIONS ON ENERGY (SEE SEPTTEL), CHARLES REICHLING, MFA DIRECTOR OF INTERNATIONAL ECONOMIC RELATIONS, EXPRESSED GOL UNHAPPINESS AND FRUSTRATION AT USE OF G-5 FORUM TO DISCUSS ECONOMIC PROBLEMS EMANATING FROM PRICING ACTIONS TAKEN BY THE OIL PRODUCING COUNTRIES. REICHLING SAID THAT, DURING THE RECENT EC COUNCIL DISCUSSIONS ON ENERGY, THE FRENCH HAD USED THE G-T MEETING TO GIVE THE IMPRESSION TO OTHER EC MEMBERS THAT THE US WAS NOW LESS INTERESTED IN PURSUING ENERGY RELATED ECONOMIC PROBLEMS IN FORUMS SUCH AS THE ECG. SAUVAGNARGUES IMPLIED THAT US WANTED MAJOR DECISIONS MADE IN A SMALL SELECT GROUP (I.E., THE G-5) AND THEN PRESENTED TO OTHER SMALLER NATIONS AS A FAIT ACCOMPLI.

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2. ECON OFFICER BRIEFED REICHLING ON G-5 MEETING, DRAWING

ON REFTTEL AND EMPHASIZING PARALLEL NATURE OF G-5 MEETING AND CONSULTATIONS IN MORE FORMAL BODIES. REICHLING WAS RELIEVED TO RECEIVE THIS CONFIRMATION THAT US WOULD PURSUE THE ECG VIGOROUSLY AND THAT WE HAD PROPOSED TIMETABLE FOR MOVING FORWARD. AT THE SAME TIME, HE CAUTIONED AGAINST A TIMETABLE FOR ENERGY THAT WOULD MOVE FASTER THAN INTERNAL EC PROCEDURES. THE COMMISSION STUDY ON THE COMPATIBILITY OF THE IEP WITH THE ROME TREATY SHOULD BE COMPLETED IN ORDER TO DEPRIVE THE FRENCH OF AN EXCUSE TO ATTACK ECG AND US ENERGY POLICY (SEE SEPTTEL ON EC COUNCIL MEETING).

3. REICHLING EXPRESSED GOL APPRECIATION FOR BRIEFING WHICH HE SAID PUT G-5 IN DIFFERENT LIGHT THAN HAD BEEN PORTRAYED BY EC PARTNERS. HE REPEATED DESIRE (OFTEN EXPRESSED BY PRIME MINISTER THORN) TO RECEIVE SIMILAR BRIEFINGS ON OTHER MEETINGS OF MULTILATERAL CONCERN IN WHICH GOL DOES NOT PARTICIPATE, EVEN IF OTHER EC MEMBERS ARE PRESENT. IN THIS CONNECTION, HE EXPRESSED HIS APPRECIATION FOR EBERLE BRIEFING OF BENELUX COUNTRIES ON NEW US ANTI-INFLATION PROGRAM, EVEN THOUGH HE SHARED THE BELIEF OF SOME OF HIS EC COLLEAGUES THAT THE EBERLE BRIEFING WAS ORGANIZED AS A "BONE" TO PLACATE THOSE NATIONS WHICH DID NOT PARTICIPATE IN THE MORE SIGNIFICANT G-5 DISCUSSIONS.

4. REICHLING, WHO QUESTIONED THE NEED FOR G-5 MEETINGS ON ENERGY-RELATED MATTERS, RECOGNIZED THAT SIMILAR MEETINGS WOULD PROBABLY TAKE PLACE IN THE FUTURE. THERE WAS LITTLE THE GOL COULD DO IF HER LARGER EC NEIGHBORS DID NOT INSIST ON A LARGER FORUM. HE HOPES, HOWEVER, THAT THESE MEETINGS CAN BE CONDUCTED IN A MORE LOW KEY MANNER, WITHOUT THE ATTENDANT FANFARE AND PUBLICITY THAT SURROUNDED THE WASHINGTON MEETING IN ORDER TO REDUCE THE "FRUSTRATION" EXPERIENCED BY THE GOL AND OTHER EXCLUDED ALLIES. SOME GOL OFFICIALS HAVE SUGGESTED HAVING ONE BENELUX REPRESENTATIVE ON A ROTATING BASIS ATTEND FUTURE TOP FINANCE MINISTER MEETINGS.
FARKAS

NOTE BY OCT: EXDIS CAPTION ADDED PER S/S-O - MS. MATTESON.
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